Before The

FEDERAL COMMUNICATIONS COMMISSION

Washington, DC 20554

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In the Matter of:	:
Petition of Cavalier Telephone, LLC	:
Pursuant to Section 252(e)(5) of the	:WC Dkt No.
Communications Act for Preemption	:02-359
of the Jurisdiction of the Virginia State	:
Corporation Commission Regarding	:
Interconnection Disputes with Verizon	:
Virginia, Inc., and for Arbitration	:

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ARBITRATION HEARING

Washington, DC

Friday, October 17, 2003

REPORTED BY:

CARMEN SMITH

Arbitration Hearing, on Friday, October 17, 2003, in Washington, DC, at the Federal Communications Commission, 445 2th Street SW, at 9:06 a.m., before CARMEN SMITH, a Notary Public within and for the District of Columbia, when were present on behalf of the respective parties:

On Behalf of the Federal Communications Commission:

RICHARD LERNER
DEENA SHETLER
MARGARET DAILEY
JOHN ADAMS
JEREMY MILLER
TERRI NATOLI
BRAD KOERNER
MARCUS MAHER

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APPEARANCES (CONTINUED):

RICHARD U. STUBBS, ESQ.
Cavalier Telephone Mid-Atlantic LLC
965 Thomas Drive
Warminster, Pennsylvania 18974
On behalf of Cavalier

STEPHEN T. PERKINS, ESQ.
Cavalier Telephone
2134 West Laburnum Avenue
Richmond, Virginia 23227
804-422-4517
On behalf of Cavalier

KATHLEEN M. GRILLO, ESQ.
Verizon
1515 North Court House Road
Arlington, Virginia 22201
703-351-3071
On behalf of Verizon

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APPEARANCES (CONTINUED):

KIMBERLY A. NEWMAN, ESQ.
MICHAEL WALSH, ESQ.
O'Melveny & Myers LLP
555 13th Street NW, Suite 500 West
Washington, DC 20004-1109
202-383-5382
On behalf of Verizon

P R O C E E D I N G S

MR. LERNER: We're going to start with issue C9. Note for the record that Mr. Edwards, Cavalier witness, is not available today due to a medical situation that's arisen within his family, and that we will evaluate whether he will need to be made available for cross telephonically at a later date, after we complete the questioning this morning.

Okay. The other witnesses for issue C9, please. Witnesses please introduce themselves, and then the court reporter will swear each of you in, or swear you in collectively.

MR. KO: My name is Kenneth Ko.

MR. VERMEULEN: Jim Vermeulen, Cavalier Telephone.

MS. CLAYTON: Rosemarie Clayton, Verizon.

Whereupon,

KENNETH KO,

JIM VERMEULEN,

ROSEMARIE CLAYTON, and

AMY WEBB

were called as witnesses and, having first been duly sworn, were examined and testified as follows:

MS. NATOLI: I think Cavalier begins, okay. Thank you.

MR. PERKINS: I apologize, one of our witnesses was trapped in the lobby.

MR. LERNER: Ms. Webb, you remain under oath from yesterday.

MS. WEBB: Yes.

MR. LERNER: You may proceed.

EXAMINATION OF ROSEMARIE CLAYTON

BY MR. PERKINS:

Q Good morning, Ms. Clayton.

A Good morning.

Q You speak in your direct testimony at page 9 and in your rebuttal testimony at pages 10 and 11 about national standards; is that correct?

A Yes, I do.

Q Would you consider ANSI standard T1.417 a relevant national standard?

A I would consider that to be a relevant national standard, as far as spectrum management

practices are concerned.

Q And have you reviewed Mr. Ko's testimony on this subject?

A Yes, I have.

Q And specifically, have you read his testimony about method A and method B under standard T1.417?

A Yes, I have.

Q Would you agree that method B is equally valid for purposes of loop spectrum management purposes as method A?

A No, I can't say I agree to that. What I would say is, I don't think anything that Verizon has proposed in its language or in our references to national standards has prevented Cavalier from using either method A or method B.

Q Do you have a copy of the revised joint decision point list?

A Yes.

Q Would you please turn to issue 9, I believe it's toward the beginning. Bear with me, please. Can I ask you to turn to 11.2.8A of

Cavalier's proposed language?

A Yes, I'm there.

Q Now, is the language proposed there objectionable to Verizon as -- in terms of spectral -- loop spectrum management standards?

A As far as the reference to the ANSI T1.417-2001, we do not have an issue with that stick standard being quoted here. What we do have issue with is we already have contract language that offers Cavalier a product between 18 and 30,000 feet that can be used already for their Reach product DSL product offering. So this is creating something we feel is unnecessary by adding this additional clause in the contract language.

Q Wasn't it true that the language that Verizon proposes follows only one method under the loop spectrum management standard?

A I don't agree with that. Again, as I stated earlier, I believe that the language that we've proposed, more importantly with the changes that we've agreed to in the last couple of days between Verizon and Cavalier, meaning we've agreed

to include the ANSI T1.417-2003, which is an even more current version, will allow Cavalier to use either method A or B.

Q It's true, isn't it, that Verizon has some very specific power spectral density limitations in the language it has proposed to Cavalier, isn't it?

A I don't agree, no.

Q Why not?

A Again, I don't think that any of the loops for a DSL product line prevents Cavalier from ordering anything, specifically their ReachDSL product that's been referenced to here. That product can be ordered today over a two-wire digital designed metallic loop that's between 18 and 30,000 feet.

We have not prevented Cavalier from ordering that loop type. We've not prevented other CLECs from ordering that loop type. It is something that's in our contract. We've recently revised the language. It is available to CLECs and CLECs are ordering it today.

MS. NATOLI: This doesn't take up your

time. When you said we've recently revised it, do you mean since the arbitration began, you are now offering --

MS. CLAYTON: Yes.

MS. NATOLI: For point of clarification, you might be accommodating what Mr. Perkins is asking about, or now you might be accommodating that?

MS. CLAYTON: Let me explain. Thank you for asking that. We already offer a two-wire digital design loop between 18 and 30,000 feet. That product has already been an offering with Verizon for well over a year.

What we've agreed to do within the last two days, as we continue to negotiate based on the language that Cavalier has proposed to us, is to update our references that they felt were somewhat limiting as far as PSD masks. So we have agreed to update our information.

We did give reference to a technical standard that was actually in draft format when our language was developed.

Since that time, the technical standard has moved from the position of being a draft standards document to one that's been approved. So we have agreed to include the ANSI T1.417-2003 in our contract language.

MS. NATOLI: Thank you for clarifying that. I'm sorry, that didn't take your time.

BY MR. PERKINS:

Q Let me ask you a different way. If Cavalier wants to offer a product that complies with either method A or method B under the ANSI T1.417 standard and wants to offer it on a loop of any length, under or over 18,000 feet, requiring only the removal of load coils over 18,000 feet, does Verizon have any objection to allowing that under the interconnection agreement?

A Again, I have to go back to our existing product line. Verizon offers loops under and over 18,000 feet. A couple of years ago, we established the DSL product line in our territory. When we did, we opened up categories of loops that were, again, both under 18,000 feet and over.

Cavalier is requesting a loop over 18,000 feet, out to, I believe, 30,000 feet. They can get that today. We don't believe we have done anything to restrict them from taking advantage of that offering.

In addition, we offer conditioning options on an 18 to 30,000 foot loop. If Cavalier needs to have that loop conditioned, meaning load coils removed, Verizon will perform that activity.

Q So we're talking about copper loops; correct?

A Yes.

Q We're talking about copper loops that may be over 18,000 feet, up to 30,000 feet, or under 18,000 feet; correct?

A That's correct.

Q And the loops that are over 18,000 feet in length may or may not have load coils; right?

A That's correct.

Q Okay. Does Verizon have any problem, if we can fit it in somehow to the appropriate product offerings, with providing Cavalier with loops of

that type, copper loops 18,000 feet and under or 18,000 feet and over, removal of load coils on the ones that are 18,000 feet or over?

A Our portfolio of product offerings today, which has been in place, again, for a number of years, already includes those types of offerings. We have a two-wire digital design metallic loop between 18 and 30,000 feet that can be ordered, with or without conditioning. That's available today. The contract language is in place today.

Cavalier has asked us to go one step further and potentially include the latest ANSI standard, which gives the spectrum management information. We have agreed to do that within the last couple of days.

Aside from that standard, though, that loop offering has been out there for a number of years.

Q If there is language in the description of the loop offering that restricts the type of loop more than ANSI T1.417, is Verizon willing to open that up to make it include anything compatible under

T1.417?

A I don't think our language is restrictive. I'd be willing to hear what Cavalier believes is restricting them in the language that we've proposed. And you know, over the last two days, we have done some negotiating on a couple of these paragraphs related to 18 to 30,000-foot loops. We can continue to negotiate.

I believe we're very close.

Q I think that's correct. I would note our appreciation on the record for the continued negotiation on that issue.

A The other thing I would offer, if I can add one thing, is Cavalier is more than welcome to order an 18 to 30,000-foot loop today, and see if it meets their product needs.

Q Let me shift to another subject, Ms. Clayton, and that is the service or maintenance interval issue for the DSL loops. If you were a business customer receiving voice and data services over a DSL loop, as opposed to a DS1 loop, would you want to wait a longer time for a service or

maintenance work just because of the type of underlying facility?

A Can you clarify the question? A longer time than what?

Q Okay. What is the standard service interval for an xDSL loop for Verizon?

A I have to admit up front that I'm not involved in maintenance issues, but it's my understanding that the interval for a DSL loop is the same as that for a voice grade or POTS loop.

Q POTS meaning plain old telephone service?

A Yes.

Q What's your understanding of what that interval is; do you know?

A I don't know off the top of my head, no. But again, it's the same as a voice loop, and we do deem voice services to be critical. That's the same interval we have in place for DSL loops.

Q But the service interval for a DS1 loop is much shorter; is that correct?

A I don't know if it's much shorter. I do know that an interval, maintenance interval, is

generally about six hours on a DS1 loop.

Q Would it be fair to say that the service interval on a voice grade loop would be 24, 48 hours?

A I don't know.

Q But longer than the six hours?

A I believe it is longer, but I don't know what the exact interval is.

Q So if you were a business customer, let's say, with two offices receiving voice and data services, one over a DS1 loop and one over a DSL loop, would you want to wait longer for service restoration at your location served by a DSL loop than at your location served by a DS1 loop?

A No. I think the issue is, again, we offer the same interval on a DSL loop as we do for POTS or analog service. We offer it at parity with our own analog service to our end users.

Q Do you know if that's at parity to your own service to your DSL end users?

A No, I don't know. I know it's at the same -- it's at parity with the our analog services

we offer to our end users.

Q Let me shift to another subject, the four-wire DS1 compatible circuits. Now, it's true, isn't it, when Cavalier orders one of these circuits, Verizon will provide it with a four-wire interface at each end; is that right?

A Yes.

Q But is it also true that Verizon will itself make the determination of whether to provide a two-wire loop in between those interfaces or a four-wire loop?

A That's my understanding, yes. And it is based on the technology. I have to admit, I'm not the product manager for DS1s, but yes, that is my understanding.

Q Okay. And is it also true that Verizon will not, upon request by Cavalier, provide a four-wire loop in between those two interfaces as opposed to a two-wire loop?

A I do believe that's the case. And again, I believe it is a matter of the technology itself and the configuration of the network itself before

determination can be made.

Q But Verizon makes that determination?

A That's correct, based on our own engineering records.

Q Why does Verizon not want to let Cavalier receive a four-wire DS1 loop when it requests it?

A I don't think that's the issue. The DS1 loop that is requested is provided by Verizon as a four-wire transmission channel. That's what's being asked for, and that's what we've provisioned.

Q Let me rephrase that, then. Why won't Verizon allow Cavalier to order four-wire DS1-compatible loop with the four-wire interfaces on each end and a four-wire loop in between, as opposed to the same configuration with only a two-wire loop in between?

A Well, the description of our loop, again, says that we will supply a four-wire transmission channel. It's my understanding that until we get involved in the provisioning process, we -- our engineers don't know how that loop is going to be provisioned.

So it's not a matter that Cavalier can request a four-wire versus a two-wire every time, because we may not know what needs to be provisioned until we're actually in the middle of the order, in the provisioning process.

Q Are you aware of any maintenance or service issues with the two-wire loop configuration for the four-wire DS1-compatible product?

A I am not. As I said earlier, I am not the product manager for DS1s. I'm a bit familiar with the product offering, simply because I do handle unbundled loops.

And as I mentioned earlier as well, I'm not in the maintenance group, so I don't have a record of the maintenance issues, if there were any.

Q So you can't speak to the relative reliability of the two-wire loop versus the four-wire loop in between?

A I can tell you that, again, Verizon provides a four-wire transmission channel, which is what I believe Cavalier is asking us for.

Q But you can't speak, based on service or

maintenance issues, to the relative reliability of the two types of facilities in between those four-wire interfaces, can you?

A I wouldn't necessarily equate maintenance records with reliability. We provide you with a working loop, a four-wire transmission channel. We believe it is a working loop. If there are issues because of a particular technology Cavalier is using, that's another issue.

Q I'm talking about service record, maintenance record, reliability of the Verizon facilities in between those two four-wire interfaces.

A I'm not in the maintenance group. I cannot speak to service records.

Q Thank you.

Thank you, Ms. Clayton.

MS. CLAYTON: Thank you.

MR. LERNER: Verizon?

MS. NEWMAN: Nothing.

MR. LERNER: No questions?

MS. NEWMAN: No questions.

MR. MAHER: I guess, just to pursue the issue of the four-wire DS1 compatible loop just a little further, Ms. Clayton, if we can, I'm just curious, what is it about the technology or network configuration that would in particular instances make it possible or impossible to provide a four-wire loop in between the four-wire interfaces?

MS. CLAYTON: It's my understanding that it does have something to do with the loop being repeated or not. If the loop is repeatered, it would be supplied in one manner. If it's not repeatered, it would be supplied in another manner.

That's about the extent of my knowledge with that particular technology.

MR. MAHER: Do you know if a customer came to Verizon and was asking for -- Verizon retail and was asking for a four-wire DS1-compatible loop, in the situation that Cavalier sort of mentioned, where there's whatever this problem is -- not problem, but whatever this network technology situation is that prevented provisioning of four wires between the four-wire interfaces, does Verizon similarly provide

just the two-wire loop, I guess, between the four-wire interfaces for the retail customer, or what happens?

MS. CLAYTON: If we have a like product in place for retail, we would provide that at parity with wholesale. I don't -- I can't understand a situation coming up where that would happen. You know, typically, the DS1 is used for Internet-type technologies.

MS. NATOLI: I think --

MR. MILLER: Just to follow up, for Cavalier, if Cavalier was a four-wire loop and there is -- it's during the ordering process itself that you might become aware that in between the four-wire interface there's only a two-wire loop is available, for Verizon's own -- Verizon's own retail group, they have no -- they would find out the information at the same point in time; there's no way they would find out that information earlier?

MS. CLAYTON: If there were a comparable product, yes, it would work the same way.

MR. MILLER: Okay, thank you.

MR. MAHER: Then, I guess, let me start out with Cavalier and ask some of my loop qualification information questions, and if you can't answer it, that's fine.

One thing I was interested in is, is the problems with loop qualification information -- or I guess what are the specific problems that Cavalier has experienced with the accuracy, I guess, of the loop qualification information that Verizon provides? Can any of you speak to that, or is that Mr. Edwards?

MR. PERKINS: I think that it would be Mr. Edwards.

MR. MAHER: Okay. I guess let me ask Ms. Clayton, then, has any of Verizon's processes or procedures with regard to the provision of loop qualification information changed since, say, like the Virginia 271 proceeding or the recent Virginia arbitration decision?

MS. CLAYTON: I'm sorry, can you ask the question again? Has what changed specifically?

MR. MAHER: Verizon's processes or

procedures for providing loop qualification information to the CLECs.

MS. CLAYTON: Yes, there have been some enhancements to our loop qualification.

MR. MAHER: What have those been?

MS. CLAYTON: Well, I think what we are trying to do is address the CLEC market. They have come to us repeatedly and have asked for either different ways to access the information, different ways to qualify or prequalify a loop, different information that comes back to them about the characteristics of a loop. And we have been working on some of those CLEC requests.

MR. MAHER: So this is, it sounds like, correct me if I'm wrong, this is expanding, I guess, maybe the types of interfaces or queries that CLECs can do or the amount of information that's returned? Is that --

MS. CLAYTON: I would say it's related to the amount of information returned, returning more specific detail about loop length itself, about DLC itself, whether DLC is present or not, and just

additional pieces of information about the loop or the characteristics of the loop.

So we are not changing, really, anything with the interfaces. We're just changing the information that a CLEC can actually get back when they query a loop in any -- using any of our Verizon tools. And there are a number of them.

MR. MAHER: Okay. For Cavalier, then, on this issue of the ability to order loops on which you provide this ReachDSL service, aside from the issue of this -- of the particular standard for the spectrum density issue, which, assuming that that issue goes away, are there other problems that Cavalier sees in terms of being able to order the loops that it needs?

MR. KO: I'm hesitant to speak for Cavalier, but I guess I can in the absence of anyone else. The thing that I noticed in the testimony here was that all of the testimony seems to be concentrated on loops above 18 kilofeet in length.

With regard to the definitions that I have been made aware of, of loop offerings that are below